

Message Text

CONFIDENTIAL

PAGE 01 STATE 172304

63

ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 R

DRAFTED BY NEA:SSOBER:TH

APPROVED BY NEA:SSOBER

S/S-O:RGAMBLE

----- 115501

O 130104Z JUL 76

FM SECSTATE WASHDC

TO AMEMBASSY CAIRO IMMEDIATE

INFO AMEMBASSY JIDDA IMMEDIATE

C O N F I D E N T I A L STATE 172304

EXDIS

E.O. 11652: GDS

TAGS: PFOR, EG, US, IMF

SUBJECT: ASSISTANCE TO EGYPT: IMF PROGRAM

REF: (A) CAIRO 9356; (B) STATE 169778 NOTAL

1. GUNTER HAS BEEN INFORMED BY DICKEY THAT GOE HAS MADE A CLEAR DECISION NOT TO GO AHEAD WITH IMF PROGRAM AT THIS TIME AND TO DELAY IMPLEMENTATION UNTIL SOME TIME LATER THIS YEAR. THE GOE DECISION, OF WHICH DICKEY WAS INFORMED ON JULY 12 BY MINECON SHAFEI, HAD JUST BEEN MADE BY PRESIDENT SADAT, BASICALLY BECAUSE OF THE CONCERN OVER DOMESTIC PRICE EFFECTS.

2. GOE HAS SENT WORD THAT IT SEES NO NEED FOR GUNTER TO COME OUT AT THIS TIME. IN EFFECT, THIS REFLECTS GOE DECISION NOT TO TRY TO KEEP IMF PROGRAM ON TRACK AT THIS MOMENT, WHICH GUNTER HAD STIPULATED WOULD BE NECESSARY IF HE WERE TO GO TO CAIRO SO AS TO BE ON HAND FOR JULY 17 MEETING OF FINANCE MINISTERS OF COUNTRIES MAKING UP THE ARAB FUND FOR EGYPT. IN INFORMING SOBER OF ABOVE, GUNTER
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 172304

SAID THAT DICKEY WOULD STAY ON IN CAIRO, HOWEVER, AND

CONTINUE TO WORK WITH GOE IN PREPARATION FOR THE JULY 17 MEETING.

3. ALTHOUGH CLEARLY DISAPPOINTED BY GOE DECISION, GUNTER EXPRESSES SYMPATHY FOR PROBLEMS FACING GOE. HE CONSIDERS THAT RECRIMINATIONS ARE NOT IN ORDER. GOE HAS ALREADY MADE A SUBSTANTIAL TRANSFER OF IMPORTS FROM THE OFFICIAL TO THE PARALLEL RATE, WHILE ALSO RAISING APPLICABLE DUTIES ACCORDINGLY. MEANWHILE, IMF RECOGNIZES THAT GOE FACES VERY SERIOUS IMMEDIATE PAYMENTS PROBLEMS. AS GUNTER SEES IT, IT IS IMF'S JOB TO KEEP TRYING TO WORK SOMETHING OUT WITH EGYPT AND HE CLEARLY INTENDS TO DO SO WHEN THE TIME IS PROPITIOUS.

4. ACCORDING TO GUNTER, GOE HAS AGREED THAT IT IS PROPER FOR IMF TO BRING CURRENT SITUATION TO ATTENTION OF COUNTRIES ALREADY BRIEFED BY IMF (IN JUNE) ON STATUS OF ITS PROGRAM WITH EGYPT. GUNTER PLANS TO PASS THE WORD THAT (A) EGYPT HAS ALREADY TAKEN SOME SUBSTANTIAL ACTION IN TRANSFERRING IMPORTS FROM OFFICIAL TO PARALLEL RATE; (B) EGYPTIAN AUTHORITIES DO NOT BELIEVE IT POLITICALLY FEASIBLE TO DO ANYTHING MORE ON THE PROGRAM AT THIS TIME; AND (C) GOE HAS SAID IT WILL RESUME DISCUSSIONS WITH IMF LATER THIS YEAR.

5. GUNTER ALSO SEES OBLIGATION TO INFORM SAUDIS, WHO WERE PREVIOUSLY BRIEFED BY IMF ON PROGRESS OF TALKS WITH EGYPT. HE PROPOSES TO SEND TELEX TO MINFIN ABA AL-KHAIL ON PRESENT STATUS, AND ASK HIM TO INFORM OTHER FINANCE MINISTERS WHO WILL BE ATTENDING JULY 17 MEETING IN CAIRO. WHILE GUNTER BELIEVES SUCH NOTIFICATION NECESSARY, HE WOULD NOT BE AVERSE TO SAUDIS (OR OTHERS) ENCOURAGING GOE NOT TO DELAY ACTION ON IMF PROGRAM ALTHOUGH HE DOES NOT EXPECT SUCH STEP.

6. THIS MESSAGE IS BEING SENT PROMPTLY AFTER REPORT RECEIVED FROM GUNTER SO THAT YOU MAY HAVE PERTINENT INFO FOR YOUR PROPOSED MEETINGS WITH SHAFEI AND ABU ISMAIL, IN THE EVENT YOU HAVE NOT ALREADY RECEIVED SIMILAR INFO FROM LOCAL SOURCES. DEPARTMENT COMMENT WILL FOLLOW SEPTTEL.
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 172304

KISSINGER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, FINANCIAL CONTRIBUTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 JUL 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE172304
Document Source: CORE
Document Unique ID: 00
Drafter: SSOBER:TH
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760268-0751
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760764/aaaacdwe.tel
Line Count: 108
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 76 CAIRO 9356, 76 STATE 169778
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUN 2004 by BoyleJA>; APPROVED <06 OCT 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ASSISTANCE TO EGYPT: IMF PROGRAM
TAGS: PFOR, EG, US, IMF
To: CAIRO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006